

Message Text

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ACTION IO-14

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PARIS FOR OECD
E.O. 11652: N/A
TAGS: EINV
SUBJECT: UN COMMISSION ON TRANSNATIONAL CORPORATIONS:
RESEARCH PROGRAM AND COMPREHENSIVE INFORMATION SYSTEM

REF: A)VIENNA 4535 B)VIENNA 4635 C) VIENNA 4691 D)VIENNA4698

1. THERE FOLLOWS SUMMARY OF DISCUSSION IN PLENARY OF RE-
SEARCH PROGRAM OF CENTER (ITEM 7(C), MAY 22) AND COMPRE-
HENSIVE INFORMATION SYSTEM (ITEM 9(A), MAY 22 AND 23).

2. SAHLGREN INTRODUCTION OF E/C.10/40 ON CENTER'S RESEARCH
ACTIVITY EMPHASIZED INFORMATIONAL NATURE OF THE ITEM,
PROMISED 1980/81 BUDGET PROPOSAL AT NEXT COMMISSION SESSION,
AND URGED FIVE-YEAR INTERVAL RATHER THAN THREE, FOR SEQUEL
TO OMNIBUS STUDY OF TNC'S IN E/C.10/38.

3. INDIAN DEL (BHATT) SPOKE FOR G-77 BY URGING EXPANSION
OF RESEARCH PROGRAM OUTLINED BY CENTER FOR PRESENT BUDGET
BIENNIUM TO INCLUDE, E.G., SERVICE INDUSTRIES (BANKS, IN-
SURANCE, ADVERTISING), COMMODITIES, BALANCE OF PAYMENTS
ASPECTS, AND IMPACT OF TNC'S ON DOMESTIC COMPETITION AND
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EMPLOYMENT IN HOME AND HOST COUNTRIES. CENTER STUDY PRO-
GRAM DE-EMPHASIZED NECESSARY INTEGRATED ASSESSMENT OF THE
BROADER SOCIAL, POLITICAL AND LEGAL EFFECTS OF TNC'S IN
DEVELOPING COUNTRIES, WHICH BHATT REQUESTED FOR FIFTH
COMMISSION SESSION. BHATT STRESSED INTER-RELATIONSHIP OF
RESEARCH WITH OTHER CENTER ACTIVITIES, IN PARTICULAR THE
CODE OF CONDUCT. OTHER G-77 INTERVENTIONS (NIGERIA,

JAMAICA, GHANA, VENEZUELA, ALGERIA) SECONDED THESE THEMES. MEXICAN DEL EMPHASIZED NEED FOR RESEARCH ON BALANCE OF PAYMENTS EFFECTS OF TNC'S, EXPORT PROMOTION, RESTRICTIVE BUSINESS PRACTICES ((BP'S), AND FINANCIAL SECTOR. UGANDAN URGED EXPANSION OF CENTER'S "CTC REPORTER" IN TERMS OF LIMITED OFFICIAL USE

ADDITIONAL ISSUES EACH YEAR, AND TRANSLATION INTO FRENCH AND SPANISH, WHICH A NUMBER OF G-77 AND OECD DELS SUPPORTED.

4. OECD COUNTRIES, WITH US DEL IN LEAD, STRESSED RESERVATIONS ABOUT OVER-AMBITIOUS NATURE OF PROGRAM. THESE INCLUDED CONCERN AT POSSIBLE DUPLICATION OF WORK BOTH WITHIN AND WITHOUT UN SYSTEM IN SAME OR ALLIED AREAS; LACK OF INFORMATION ON BUDGETARY IMPLICATIONS, OR COST/BENEFIT ANALYSIS OF STUDIES OUTLINED; AND LACK OF REFLECTION OF NEED TO PRIORITIZE AMONGST POSSIBLE ACTIVITIES. US DEL URGED CENTER TO LIMIT ITSELF TO STUDIES SPECIFICALLY REQUESTED BY THE COMMISSION AND URGED THE LATTER TO RESTRAIN ITS SHOPPING LIST. NEED TO COVER ALL FACTORS BEARING ON DEVELOPMENT, IN PARTICULAR STATE-OWNED AS WELL AS PRIVATE ENTERPRISES, WAS MENTIONED, AS WELL AS DESIRABILITY OF FOCUS ON NEEDS OF MSA (MOST SERIOUSLY AFFECTED) AND LLDC (LEAST DEVELOPED) COUNTRIES IN LIGHT OF RESOURCE CONSTRAINTS. THIS LATTER POINT WAS ALSO MADE LIMITED OFFICIAL USE

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IN COGENT STATEMENT CIRCULATED BY PROF. PAUL, INDIAN EXPERT ADVISER. US DEL SECONDED PAUL RECOMMENDATION THAT CENTER CONCENTRATE ON TRAINING AND RESEARCH WITH SIGNIFICANT "MULTIPLIER" EFFECT IN DEVELOPING COUNTRIES. IN GENERAL, FIVE-YEAR SEQUEL TO OMNIBUS TNC STUDY WAS ENDORSED. SWEDISH DEL BROKE RANKS TO ENDORSE GREATER "SOCIAL" FOCUS OF RESEARCH, INCLUDING LABOR AND COLLECTIVE BARGAINING ISSUES, AND URGED CENTER TO FOLLOW SPECIAL SESSION ON DISARMAMENT FOR TNC ASPECTS.

5. UKRAINIAN SSR DEL SPOKE FOR EAST EUROPEAN BLOC, AND APPEALED FOR LESS WORK, IN GREATER FOCUS, AND SHARED OECD COUNTRY CONCERNS AT BUDGETARY IMPLICATIONS OF RESEARCH. HE URGED CENTER TO UNDERTAKE 5-7 PROJECTS A YEAR, AND ESTABLISH PRIORITIES WITHIN THIS PROGRAM. HE PROPOSED NEW TOPIC ON "ROLE OF TNC'S IN MILITARY PRODUCTION AND A POSSIBLE RECONVERSION OF THIS PRODUCTION TO PEACEFUL PURPOSES AND DEVELOPMENT". HE CLEARLY FAVORED ECONOMIC AND LABOR RELATIONS EMPHASIS FOR RESEARCH ACTIVITIES, DISAGREEING WITH BHATT.

6. EXPERT ADVISER INTERVENTIONS SAW TWO NOTABLE STATE-

MENTS. SOVIET (IVANOV) GAVE SPARKLING DISCUSSION, IN
ENGLISH, OF SOVIET NEGOTIATING TACTICS WHICH WAS CLASSIC
HARVARD BUSINESS SCHOOL MATERIAL, EVEN DOWN TO EMPHASIS
ON IMPORTANCE OF "PSYCHOLOGICAL PROFILE" OF NEGOTIATING
COUNTERPARTS. INTERVENTION STRESSED IMPORTANCE OF DE-
TAILED TECHNICAL AND FINANCIAL INFORMATION ON
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NEGOTIATING OPPONENTS, TAX ASPECTS OF THE DEAL FOR THE
INVESTOR, RBP'S, AND OPPORTUNITIES FOR PACKAGING AND
UNPACKAGING. HE NOTED PREPONDERANCE OF CARTELS IN DEALINGS
WITH JAPANESE AND FRG, AND DESIRABILITY OF AVOIDING TNC
SUBSIDIARY MIDDLEMEN. ELIZABETH JAGER (AFL-CIO) TOOK A
SWIPE AT THE ADEQUACY OF CENTER'S "SO-CALLED" RESEARCH, AND
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CRITICIZED USE OF IDEOLOGY SUBSTITUTE FOR SCHOLARSHIP,
SLOPPY METHODOLOGY, AND LACK OF ATTENTION TO OVERRIDING
ISSUE OF COMPARABILITY OF DATA COLLECTED. NON-COMPARABLE
DATA, SHE ASSERTED, IS NOT INFORMATION. SHE ALSO WEIGHED

IN ON TNC DEFINITIONAL ISSUE REGARDING INCLUSION OF STATE-OWNED ENTERPRISE, AND NOTED LACK OF SUFFICIENT ATTENTION TO ISSUES OF INTEREST TO LABOR.

7. SAHLGREN INTRODUCED PROGRESS REPORT OF UN CENTER ON TNCs ON ESTABLISHMENT OF COMPREHENSIVE INFORMATION SYSTEM (DOC. E/C.10/41) BY REVIEWING PURPOSES OF PROPOSED SYSTEM, TYPES OF DATA TO BE COLLECTED, INFORMATION SOURCES, AND PROCEDURES FOR PROCESSING, STORING AND DISSEMINATING INFORMATION. HE ACKNOWLEDGED NEED FOR SELECTIVITY, AVOIDANCE OF DUPLICATION OF EXISTING EFFORTS, PRESERVATION OF BUSINESS CONFIDENTIALITY, AND VERIFICATION OF RELIABILITY OF INFORMATION, ESPECIALLY FROM SECONDARY SOURCES. SAHLGREN STATED LACK OF ADEQUATE ACCOUNTING STANDARDIZATION SHOULD NOT BE USED TO DELAY CENTRE'S LIMITED OFFICIAL USE

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INFORMATION GATHERING. HE ASKED COMMISSION TO ENDORSE CENTRE'S EXPANDED INFORMATION PROPOSALS AND PROMISED TO SUBMIT DETAILED BUDGETARY ASSESSMENT FOR 1980-81 PROGRAM TO COMMISSION'S FIFTH SESSION NEXT SPRING.

8. INDIAN DELEGATE BHATT, SPEAKING FOR G-77 OPENED DISCUSSION WITH LENGTHY STATEMENT, IN WHICH HE STRONGLY EMPHASIZED IMPORTANCE OF PROPOSED SYSTEM. HE DESCRIBED INFORMATION GATHERING AT BOTH THE ENTERPRISE AND COMPANY LEVEL BY MAJOR LINES OF BUSINESS AS "HEART" OF INFORMATION SYSTEM (WITH LOW-KEY AGREEMENT ON NEED FOR APPROPRIATE CONFIDENTIALITY PRESERVATION, RELIABILITY AND VERIFICATION OF COLLECTED DATA), BUT EXPRESSED STRONG DOUBTS ON USEFULNESS OF CENTRE INVOLVEMENT IN INDUSTRY ANALYSES IN VIEW OF AVAILABILITY OF ENORMOUS AMOUNT OF INFORMATION ELSEWHERE AND COSTS INVOLVED. HE SUGGESTED INSTEAD STUDIES ON TRENDS OF OWNERSHIP AND CONTROL, TRANSFER PRICING, RESTRICTIVE BUSINESS PRACTICES, AND TRANSFER OF TECHNOLOGY AS PROVIDING MORE EFFICIENT UNDERPINNING IN TERMS OF INFORMATION NECESSARY TO CONTROL, AND DEAL WITH, TNCs. ACCORDING TO BHATT, G-77 FULLY SUPPORTS CENTRE'S REQUEST FOR ADDITIONAL FUNDS TO FINANCE 1980/81 WORK PROGRAM.

9. OECD PARTICIPATION IN DEBATE WAS ACTIVE AND WELL ORCHESTRATED. ALL DELEGATES, INCLUDING US, ADDRESSED ISSUES OF CONFIDENTIALITY SAFEGUARDS, VERIFICATION OF INFORMATION (ESPECIALLY SECONDARY SOURCES), COMPARABILITY AND COMPATIBILITY OF INFORMATION, DISSEMINATION OF COLLECTED DATA, AND NEED FOR CENTRE TO PUBLISH GUIDELINES FOR SELECTION OF FIRMS ON WHICH GENERAL AND IN-DEPTH CORPORATE INFORMATION WILL BE PREPARED. DISSATISFACTION WAS EXPRESSED WITH CENTRE'S FAILURE TO INCLUDE FIRMS FROM DEVELOPING AND EASTERN EUROPEAN COUNTRIES IN INFORMATION SYSTEM AND

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TO PROVIDE BUDGETARY ESTIMATES FOR PROPOSED INFORMATION PROGRAMS.

10. USDEL (BOERNER), IN COMPREHENSIVE STATEMENT COVERING

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MAJOR POINTS OF US POSITION PAPER, MADE STRONG REQUEST FOR REFORMULATION OF PARAS. 9 AND 10 OF DOC E/C.10/41 SO AS TO IDENTIFY MORE CLEARLY (A) PURPOSES OF PROPOSED INFORMATION SYSTEM, AND (B) INFORMATION NEEDS OF GOVERNMENTS, PARTICULARLY LLDCS. (PRIOR TO MEETING, USDEL CIRCULATED PROPOSED LANGUAGE TO THAT EFFECT AMONG OECD MEMBERS.) THIS REQUEST WAS TAKEN UP AND ENDORSED BY MOST OTHER OECD SPEAKERS. USDEL WELCOMED CENTRE'S POSITION TO AVOID COLLECTION OF CONFIDENTIAL INFORMATION AND MADE CLEAR THAT VERIFICATION AND REVIEW OF INFORMATION ON INDIVIDUAL FIRMS SHOULD TAKE PLACE AT REGULAR INTERVALS, AND WARNED OF PITFALLS IN ASSUMPTION THAT COMMERCIAL DATA BASES AND PUBLIC INFORMATION ARE NECESSARILY ACCURATE. LIKE OTHER OECD DELS, US MADE ESPECIALLY STRONG APPEAL TO CENTRE TO INCLUDE INFORMATION ON ENTERPRISES IN EAST BLOC

COUNTRIES, AND LINKED REQUESTS FOR ADDITIONAL FUNDING TO REVIEW PROCESS OF SYSTEM'S DEVELOPMENT.

11. SEVERAL OECD DELEGATES SHOWED PARTICULAR INTEREST IN LIMITED OFFICIAL USE

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OTHER ASPECTS OF INFORMATION SYSTEM. FRANCE FOUND CENTRE'S PUBLICATION PROGRAM TOO AMBITIOUS AND COSTLY AND SUGGESTED CENTRE SUBMIT DETAILED ESTIMATE OF ITS BUDGET-ARY NEEDS IN ADVANCE OF NEXT COMMISSION MEETING. UKDEL WONDERED ABOUT SPECIFIC USES FOR INDIVIDUAL COMPANY PROFILES AND REQUESTED CENTRE REFRAIN FROM COLLECTING HIGHLY SENSITIVE COMPANY INFORMATION, E.G. ON TAXATION, TRANSFER PRICING, R&D. UK SUPPORTED US AND ITALIAN SUGGESTIONS THAT, ALTHOUGH INFORMATION SYSTEM SHOULD BE USED TO SATISFY PRIMARILY REQUESTS BY GOVERNMENTS, IT SHOULD ALSO BE AVAILABLE TO OTHER INTERESTED PARTIES, INCLUDING ACADEMIC INSTITUTIONS AND LABOR UNIONS. SWEDEN SUGGESTED DESIRABILITY AT LATER STAGE TO COLLECT CONFIDENTIAL COMPANY INFORMATION PROVIDED APPROPRIATE SAFEGUARDS ARE ESTABLISHED. CANADA WELCOMED CENTRE'S INTENTION TO APPROACH COMPILATION OF COMPANY PROFILES IN STAGES AND SUGGESTED CAREFULLY DESIGNED PILOT PROGRAM, WHILE SWITZERLAND DOUBTED USEFULNESS OF COMPANY PROFILES IN TERMS OF MORE IMMEDIATE NEEDS OF HOST GOVERNMENTS, AND SUGGESTED CENTRE CONCENTRATE ON SECTORAL STUDIES FIRST.

12. EAST EUROPEAN COUNTRIES (USSR AND GDR)SUPPORTED G-77 IN FAULTING CENTRE FOR FAILURE TO EMPHASIZE INFORMATION GATHERING AND RESEARCH TO IDENTIFY AND ELIMINATE NEGATIVE POLITICAL, ECONOMIC AND SOCIAL IMPACT OF TNCs. BOTH DELS CATEGORICALLY OBJECTED TO EARLIER SUGGESTIONS THAT STATE-OWNED ENTERPRISES IN EASTERN EUROPE BE COVERED BY INFORMATION SYSTEM ON EQUAL FOOTING WITH TNCs OF CAPITALIST STATES. WOLF

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